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DEPARTMENT FOR EEB/IFD/OMA, NEA/ARP

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TAGS: [EAID](#) [ECON](#) [PREL](#) [AE](#)
SUBJECT: UAE FISCAL TRANSPARENCY

REF: STATE 16737

¶1. (SBU) UAE fiscal data is often incomplete. This is partially due to the federal nature of the country, in which each emirate has its own budget and federal-emirate level coordination on fiscal matters has historically been limited. The Federal Budget is published annually in newspapers and provided to the UAE's Federal National Council. Federal expenditures, however, only make up about 22% of consolidated UAE expenditures and do not include significant financial outlays by the Emirate of Abu Dhabi on behalf of the UAE as a whole, including defense expenditures.

¶2. (U) The Ministry of Finance compiles data for the federal government only. The UAE provides the IMF with separate fiscal data on the Federal budget and on the budgets of three emirates (Abu Dhabi, Dubai, and Sharjah) for the annual Article IV consultation mission to provide a consolidated fiscal position for the UAE. These budgets are also published in the annual statistical supplement to the Article IV. The UAE Central Bank publishes an annual "consolidated" budget for the UAE, which omits certain budget items, such as investment income.

¶3. (U) According to Federal Law Number 23 (2005) "Regarding the General Budget and the Final Accounts Preparation Rules," the Federal Government's budget is prepared on an annual basis and shall be submitted to the UAE's "Federal National Council for approval and comments at least two months before the beginning of the financial year." The federal budget is published in UAE papers at that time. The Emirate of Dubai has also published its budget, albeit at a high level of abstraction. The Emirate of Abu Dhabi does not publish its budget, but does provide budget data to the IMF. As part of the process leading up to the Emirate of Abu Dhabi's issuance of a one billion dollar "benchmark" bond, it provided fiscal data to the main rating agencies, some of which is published in the agencies' rating reports.

¶4. (U) The IMF notes that "while data provision to the Fund is adequate for overall surveillance purposes, data shortcomings affect staff's analysis." These shortcomings result from a number of factors including a shortage of trained staff and poor information flows between federal and emirate-level governments and public sector entities. The IMF has provided technical assistance on public expenditure management. The UAE has moved to address some of these issues and fiscal transparency has improved over the past several years.

¶5. (U) There are no U.S. Government programs in the UAE that promote accurate disclosure of revenues and expenditures in the UAE federal budget.

Quinn